

**THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

**THE BANK OF NEW YORK
MELLON TRUST COMPANY, N.A.,
as Indenture Trustee,**

Plaintiff,

v.

**SALEM NURSING & REHAB CENTER
OF REFORM, INC., THE MEDICAL
CLINIC BOARD OF THE CITY OF
REFORM, ALABAMA, and ALTACARE
CORPORATION,**

Defendants.

Case No. 2:11-cv-01509-TMP

**SIXTH INTERIM AND FINAL APPLICATION FOR COMPENSATION AND
EXPENSES FOR RECEIVER**

Part I: Cover Sheet

1. Name of Receiver: Derek Pierce of Healthcare Management Partners,
LLC, as Receiver
1919 Oxmoor Rd., # 394
Birmingham, AL 35209
2. Date of Order Appointing Receiver (the "Order"): March 18, 2014.
3. For: Professional Services Provided by the Receiver Pursuant to the Order.
4. This is an Interim and Final Application.
5. Period for Which Interim Compensation is Sought: November 1, 2017 through January 3, 2018 (the "Sixth Interim Application Period").
 - (a) Amount of Fees Sought For Sixth Interim Application Period: \$697.50
 - (b) Number of Hours Expended During Sixth Interim Application Period: 1.55
hours
 - (c) Standard Hourly Rate During Sixth Interim Application Period: \$450.00/hr.

- (d) Amount of Expenses Sought for Sixth Interim Application Period: \$0.00
- 6. Period for Which Final Compensation is Sought: March 18, 2014 through January 3, 2018 (the "Final Application Period")
 - (a) Amount of Fees Incurred During Final Application Period For Which Final Approval is Sought: \$114,693.35
 - (b) Amount of Expenses Incurred During Final Application Period For Which Final Approval is Sought: \$1,111.60
- 7. Excluding the instant Application, the aggregate amount of fees and expenses requested but not yet approved to date: \$0.00.
- 8. The aggregate amount of fees and expenses requested and already paid: \$115,107.45.
- 9. The aggregate amount of fees and expenses requested but not yet paid to date: \$0.00.

Part II: Narrative Summary

1. This is a Final Application pursuant to the Order. The Receiver previously requested approval of fees and expenses on September 25, 2014 [Doc. No. 83] ("First Interim Fee Application"), December 7, 2014 [Doc. No. 92] ("Second Interim Fee Application"), September 28, 2015 [Doc. No. 116] ("Third Interim Fee Application"), November 8, 2016 [Doc. No. 133] ("Fourth Interim Fee Application") and November 9, 2017 [Doc. No. 146] ("Fifth Interim Fee Application", together with the First Interim Fee Application, the Second Interim Fee Application, the Third Interim Fee Application and the Fourth Interim Fee Application, the "Interim Fee Applications"), totaling \$115,107.45 (the "Interim Fees and Expenses") incurred during the Final Application Period. The Court has entered Orders approving each of the Interim Fee Applications. *See* Doc. Nos. 86, 99, 119, 136 and 151. As a result, the Receiver has received payment of the \$115,107.45 requested by Receiver in the Interim Fee Applications.

Additionally, the Receiver requests final approval of the fees and expenses incurred by the Receiver during the Sixth Interim Application Period as more particularly set forth herein.

2. By this Application, the Receiver seeks final approval of all requested fees and expense during the Final Application Period.
3. The Receiver has provided substantial services in connection with his duties as Receiver in this matter, including significant court time and preparation, and work on matters related to the marshaling, preservation, protection and sale of the Health Care Premises (as defined in the Order) during the Sixth Interim Application Period. The Receiver has an hourly rate of \$450.00 per hour, and has expended 1.55 hours of time in the two month application period from November 1, 2017 to January 3, 2018, in fulfillment of his duties

as Receiver. A detailed summary of the Receiver's hours expended and matters performed during the Sixth Interim Application Period is attached hereto as Exhibit 1. A summary of work performed by the Receiver is as follows:

- Manage all aspects of the turnover and operations of the Health Care Premises, including evaluating and seizing control of accounts receivable, bank accounts, supervising and consulting with employees, ensuring proper insurance coverage for the Health Care Premises and employees, ensuring timely payment of payroll and accounts payable, dealing with claimants against the Defendants and the Receivership Estate. Transitioning Health Care Premises into management of interim manager pursuant to regulatory requirements. This required regular communications with the administrators of the Health Care Premises and manager and visits to the Health Care Premises.
- Regularly communicate with Defendants and the Trustee on various aspects of the receivership and identify, review and analyze financial information, books and records turned over by Defendants.
- Comply with the Order and orders of the Court; prepare for and appear at multiple hearings before this Court; prepare financial and operational reports for Health Care Premises and Receivership Estate.
- Negotiate and communicate with various state and federal regulators, Medicare, Medicaid, taxing authorities, and vendors to maintain uninterrupted operations of the Health Care Premises in accordance with state and federal laws, which involved the resolution complex issues and the preparation and submission of various tax and regulatory filings.
- Closed sale of Health Care Premises on November 12, 2014 and complied with post-closing obligations, including regulatory compliance, turnover of Health Care Premises and post-closing reconciliation of expenses and revenues from Health Care Premises allocated to Receivership Estate and purchaser.
- Retained and communicated with legal counsel and tax advisors on duties and obligations with respect to the Receivership Estate and actions taken as Receiver.
- Established, obtained Court approval of, and implemented claims administration and distribution processes, communicating with claimants, counsel and manager of Health Care Premises to resolve claims against estate.
- Reviewed and analyzed records and books turned over by Defendants to evaluate prosecute, mediate and settle complex claims and causes of action of the Receivership Estate against Defendants and third parties, resulting in settlement payments to the Receivership Estate totaling nearly \$165,000, the release of administrative claims against the Receivership Estate in excess of \$130,000, and the further release of disputed claims filed with the Receivership Estate in excess of \$1,000,000.

- Monitoring status of settlement payments and addressing payment defaults under settlement agreement.
2. Pursuant to the Order, the Receiver requests that the Court approve the fees and expenses requested in this Fee Application, which were incurred during the Final Application Period, including the Sixth Interim Application Period. The Receiver avers that the hourly rate set forth herein reflects the standard hourly rate that he charges for similar appointments, and that said fees are considered fair and reasonable in the community. The Court is familiar with the Receiver's background, experience and qualifications, as further detailed in the Receiver's First Interim Application for Compensation, incorporated herein by reference.
 3. The Receiver has not only dutifully fulfilled his obligations pursuant to the Order, but has brought tangible value to the Receivership Estate by recovering and stabilizing the accounts receivable of the Health Care Premises and selling the Health Care Premises on an expedited basis without the use or assistance of a broker or investment banker, thereby saving the Receivership Estate commissions of approximately 5% of gross proceeds (\$190,000-\$200,000). In addition to accumulating over \$500,000 in cash and net proceeds from the sale of the Health Care Premises of approximately \$3.5 million dollars, the Receiver has obtained, through prosecuting and mediating claims of the Receivership Estate, payments totaling nearly 95% of the \$165,000 settlement payments, the release of administrative claims against the Receivership Estate in excess of \$130,000, and the further release of disputed claims filed with the Receivership Estate in excess of \$1,000,000. This efficient resolution will further add value to the Receivership Estate by reducing costs of administration and facilitating a more efficient wind-down. The Receiver has brought significant tangible value to the Receivership Estate that justifies the compensation requested.

Respectfully submitted on behalf of the Receiver this the 4th day of January, 2018.

s/ J. Leland Murphree

J. Leland Murphree

One of the Attorneys for the Receiver

OF COUNSEL:

MAYNARD, COOPER & GALE, P.C.

1901 Sixth Avenue North

2400 AmSouth/Harbert Plaza

Birmingham, Alabama 35203-2618

Tel: (205) 254-1000

Fax: (205) 254-1999

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing on the following parties via U.S. Mail, and/or electronically through the CM/ECF system on this the 4th day of January 2018.

VIA ECF:

Lee Benton
Benton & Centeno, LLP
2019 Third Avenue North
Birmingham, Alabama 35203

Larry B. Childs
WALLER LANSDEN DORTCH &
DAVIS, LLP
1901 Sixth Avenue North, Suite 1400
Birmingham, AL 35203

Ryan K. Cochran
Blake Roth
Kathleen Steinberg
WALLER LANSDEN DORTCH &
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511 Union Street, Suite 2700
Nashville, TN 37219

Reed Bates
Starnes Davis Florie LLP
100 Brookwood Place, 7th Floor
P.O. Box 598512
Birmingham, AL 35259

Kelley Askew Gillikin
Assistant Counsel
Alabama Department of Revenue
3114 Gordon Persons Building
50 North Ripley Street
P.O. Box 320001
Montgomery, AL 36130-0001

VIA U.S. MAIL:

William Thomas
Internal Revenue Service
1919 Smith – Stop 5022 HOU
Houston, TX 77002

Internal Revenue Service
Insolvency Office
801 Broadway - Mail Stop 146
Nashville, TN 37203-3816

United States Attorney
Northern District of Alabama
Attn: Richard O'Neal
1801 4th Avenue North
Birmingham, Alabama 35203

Alabama Department of Revenue
Collection Services Division
50 North Ripley St
PO Box 327820
Montgomery, AL 36132

Alabama Department of Revenue
Sales and Use Tax Division
50 North Ripley St
Montgomery, AL 36132

Alabama Department of Revenue
Sales and Use Tax Assessment Unit
PO Box 327720
Montgomery, AL 36132

John A. Somerville, IV
Revenue Commissioner of
Pickens County
P.O. Box 447
Carrolton, AL 35447

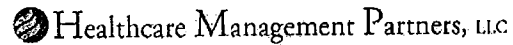
s/ J. Leland Murphree
Of Counsel

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EXHIBIT 1

Healthcare Management Partners, LLO
 9001 W. 110th Street, Suite 260
 Overland Park, KS 66210
 (205) 202-0459
 dplierce@hcmpllc.com
 http://hcmpllc.com



INVOICE

BILL TO

Salem Nursing - Reform
 (Receivership)

INVOICE # 2318

DATE 01/03/2018

DATE	ACTIVITY	QTY	RATE	AMOUNT
11/27/2017	work on waterfall - Derek Pierce	0:45	450.00	337.50
11/28/2017	prep for and participate in call with counsel & bondholder's counsel (split 3 ways with other 2 Salem matters) - Derek Pierce	0:12	450.00	90.00
12/12/2017	review proffer - Derek Pierce	0:06	450.00	45.00
12/15/2017	finalize waterfall and approve wire to Indenture trustee - Derek Pierce	0:30	450.00	225.00

BALANCE DUE

\$697.50

Please remit payment to the address above and reference the invoice number. | Healthcare Management Partners, LLC FEIN # is 20-4363144. | Healthcare Management Partners, LLC FEIN # is 20-4363144.